

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:696

ANSWERED ON:21.07.2016

Land Acquisition

Verma Shri Rajesh

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the Right to Fair Compensation and Transparency in Land Acquisition and Rehabilitation and Resettlement Act, 2013 published in Gazette of India on 27.09.2013 by the Central Government is applicable in Uttar Pradesh, if so, the details thereof;
- (b) whether interest has to be paid on the amount of compensation and income tax is also charged to that amount and if so, the details thereof;
- (c) whether income tax is not chargeable as per Act;
- (d) if so, whether tax charged/taken will be reimbursed by the income tax department; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE FOR RURAL DEVELOPMENT
(SHRI RAM KRIPAL YADAV)

(a) : Section 1(2) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 provides as under:

"It extends to the whole of India except the State of Jammu and Kashmir."

Accordingly, the Act is applicable in Uttar Pradesh. The Act entered into force on 1st January 2014.

(b) & (c) Interest on compensation is payable as per the provisions under Section 30(3) of the said Act:

"In addition to the market value of the land provided under section 26, the Collector shall, in every case, award an amount calculated at the rate of twelve per cent. per annum on such market value for the period commencing on and from the date of the publication of the notification of the Social Impact Assessment study under sub-section (2) of section 4, in respect of such land, till the date of the award of the Collector or the date of taking possession of the land, whichever is earlier."

As regards applicability of income tax, section 96 of the said Act provides as under:

"No income tax or stamp duty shall be levied on any award or agreement made under this Act, except under section 46 and no person claiming under any such award or agreement shall be liable to pay any fee for a copy of the same."

(d) and (e) As per a report received from Ministry of Finance, presently, any compensation received by the landowners on any award or agreement made under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 is exempt from income-tax (except the awards/ agreements covered under Section 46 of the Act). On the other hand, under the Income Tax Act, 1961, compensation received only for certain categories of land, based on their locational criteria, qualify for tax-exemption. Therefore, Income-tax authorities are taking the view that compensation pertaining to the non-exempt category of land would be charged to tax. The question of any refund of tax so charged under the Income Tax Act would arise once the anomaly is resolved.
